THE ARIZONA LABOR FORCE IN NOVEMBER 1982

For at least the last 6-9 months, there have been various pronouncements about the imminent recovery of our national economy. But with each passing month, further deterioration in the economy has caused the beginning of this recovery to be delayed. as we enter this holiday season, the weakness of both the national and local economies give reason for concern. Not only have the national and statewide unemployment rates been rising throughout 1982, but the end is not yet in sight. In fact, the 134,300 people who are unemployed in Arizona represents a new high level.

Consistent with our experience of the last few months, significant employment losses were recorded in the manufacturing industry. This month 1,100 jobs were lost, while over the last twelve months, 11,700 manufacturing jobs were lost. Most of the employment decline occurred in electronics and aerospace businesses. Unfortunately, national economic conditions have not changed, and we can expect to see further declines in the coming months. While increased defense purchases will add to employment levels, they will not nearly offset the loss of commercial business.

In the copper mining industry, November was a mixture of gains and losses. While 400 miners returned to work, principally for Phelps-Dodge in Morenci, closure of the Douglas smelter caused employment there to drop by 200. Recovery in the industry is not yet underway. Instead, we expect small employment increases at one mine to be offset by layoffs at another mine. Employment will likely remain at 50 percent of pre-recession levels for many months to come.

After adding 1,200 jobs in October, the construction industry continued to expand employment in November by increasing staffs by another 400. A continuing decline in interest rates and growing consumer interest in purchasing homes has helped to exand residential construction activity. But it would be premature to announce recovery in this industry. Rather, recovery can be expected to be slow as losses in the commercial sector keep total construction employment from rising more rapidly.

In the remaining industries, those employment increases that occurred reflected expected seasonal gains. Retail trade and service businesses added 4,700 as winter tourism and Christmas buying activity moved ahead. Most of the increase occurred in department stores, restaurants, and hotels.

One year ago, Arizona's unemployment rate was nearly two full percentage points below the national average, and layoffs were limited to a few industries. Now unemployment has increased by nearly two-thirds, and our double-digit level of unemployment will likely continue well into next year. In areas such as Pima County, where a record, recent high unemployment rate was recorded this month, not enough jobs are available. And with the outlook of more difficulty ahead for Arizona's economy, it takes some of the cheer out of this holiday season.

Arizona Unemployment Insurance Activities

	November 1982	October 1982	November 1981	% Change From 1 Year Ago
Arizona Claimants Served**	68,922	73,480	27,113	+154.2%
Arizona Weeks Unemployed***	INA	10.2	8.9	INA
Arizona Benefits Paid**	$ 22,413,423	$ 23,474,395	$ 7,132,218	+214.3%
Arizona Trust Fund Balance	$220,291,918	$229,631,841	$287,101,239	- 23.3%

*Estimated **All Programs ***UI Only

THE LONG-TERM UNEMPLOYED - WHAT'S HAPPENED TO THEM

What is the status of Arizona's long-term unemployed - those unemployment insurance claimants who have exhausted the 26 weeks of benefits allowable under the regular state unemployment law, and who remain unemployed? Prior to July 25 in 1982, eligible claimants were entitled only to regular unemployment compensation for a maximum of 26 weeks. Due to rising unemployment and a steady economic decline, the law provided an automatic extension of benefit payments beyond the 26-week maximum, effective July 25. It was then possible for persons who had exhausted 26 weeks of unemployment insurance payments and were still unemployed, to draw an additional maximum 13 weeks of benefits.

According to the law, extended compensation began when the state's average insured unemployment rate (IUR) reached 4.0%. This rate is basically figured using a formula based on the past 13 weeks average of weeks claimed, divided by the average number of insured covered employed for a specified quarter. This rate is also compared to the insured unemployment rates for the past two years for the week in question. Arizona reached the 4.0% insured unemployment rate July 10, 1982 which "triggered on" extended compensation for 13 weeks, effective beginning July 25 and ending October 23, 1982. Approximately 9,000 claimants filed extended compensation claims during the first month.

Nationally and locally the economy did not improve. Congress then passed a bill granting an additional 10 weeks of Federal Supplemental Compensation in states already paying extended compensation to begin September 12, 1982. The person who had exhausted the original 26 weeks of regular unemployment compensation, as well as 13 weeks of extended compensation and was still unemployed and eligible could then draw a maximum of 10 weeks additional compensation. This program was provided on an emergency temporary basis, and applies only to those unemployed or receiving unemployment compensation and/or after September 12, 1982 and before April 1, 1983.

On October 23, 1982 Arizona "triggered off" on the extended benefits program at the completion of the 13 weeks allowed. Congress had also raised the required insured unemployment rate from the original 4% to 5%, effective October 1, 1982. States whose insured unemployment rate had reached 5% by October 1, could be eligible to pay an additional 13 weeks of unemployment compensation at that time. However, Arizona's IUR did not reach 5.0%. In fact, it peaked at 4.65% October 1 and declined to 4.47% by November 25.

Consequently, Arizona's unemployed are now eligible for two programs rather than three - the regular 26 weeks of unemployment compensation, followed by 10 weeks of Federal Supplemental Compensation provided they remain eligible at this time.

As could be expected, Federal Supplemental Compensation has been serving large numbers of claimants since its inception September 12. During September, 1,172 persons filed initial claims with $31,839 paid in benefits. In October, initial claims for Federal Supplemental Compensation rose to 7,270 throughout the state with a total of $577,426 paid in benefits. With the completion of the Extended Compensation period on October 23, even more persons became eligible for the added 10 weeks of FSC. During the month of November, 8,519 initial claims were filed for Federal Supplemental Compensation with benefit payments of $4,596,291. This upward trend is expected to continue.

The cost of the Federal Supplemental Compensation benefit payments is borne by the Federal government and does not subtract from the Arizona Unemployment Trust Fund. Extended Benefits Compensation costs, however, were divided equally between state and federal funds.

(Continued on pg. 14)

Will Arizona return to the Extended Compensation program? This depends on future economic changes. According to Federal law, states "triggering off" or completing 13 weeks of Extended Compensation cannot return to the program before 13 weeks have elasped, which is January 23, 1983 in Arizona's case. If, at that time, Arizona's insured unemployment rate has reached the required 5.0%, another 13-week Extended Compensation program could trigger on. As noted earlier, the Arizona insured unemployment rate has steadily declined during the past two months. Expectations are for this trend to continue into 1983 which will leave the long-term unemployed person eligible only for the programs now available - 26 weeks of regular unemployment compensation, plus, if he continues to be eligible, a maximum 10 weeks on Federal Supplemental Compensation.

- - - Grace Fowler

NEW DEVELOPMENTS

Construction has begun on a $1.2 million office-warehouse for Payless Cashways Inc., a building-materials chain. The 125,000-square-foot facility will be built in the Pima-Chandler Industrial Park and is scheduled for completion in March.

The Mesa Industrial Center is being developed on two 40-acre parcels south of Falcon field on the northeast corner of Greenfield and McClellan roads in Mesa.

Plans for a $70 million business park on 6.5 acres in northern Chandler have been released. Construction of Suntech Business Park on the northeastern corner of Alma and Warner is scheduled to start by mid-1983. The project will include banks, offices, a restaurant, medical plaza, athletic club, apartments and patio homes.

Finance - United Bank of Arizona will build a new regional home office and develop a professional/medical complex on its newly acquired property at the northeast corner of Mill and Broadway in Tempe. The property is adjacent to its present regional home office and brings the total land at the corner owned by United Bank to 3.6 acres.

Layoffs - Sperry Flight Systems laid off 250 workers in mid-November in administration, support, and production areas in Sperry's Phoenix and Glendale facilities. In late August this year, Sperry laid off 400 workers and an additional 100 left the company because of attrition and early retirement.

About 300 employees of Motorola's Semiconductor Products Sector were laid off in early November. Most of the layoffs were at the 52nd street plant, with only a small number of employees being released from the Mesa plant.

ITT Courier Terminal Systems, Inc. laid off about 60 employees in early November because of general economic conditions.

About 150 employees were laid off in mid-November at the Southwest Forest Industries Paper Mill in Snowflake, bringing to about 210 the total number of layoffs since August.

Honeywell Inc's Process Management Systems Division laid off 150 employees in Phoenix on December 10. Four layoffs since January have idled about 370 people. Honeywell's Large Information Systems Division in Phoenix laid off 425 employees in early November.

Arizona Portland Cement Co. Inc. laid off 42 of its 211 production workers in early November. The layoff was made in order to cut the plant's output 40 percent because of declining sales.

The Salt River Project laid off 20 maintenance employees because their jobs were no longer needed. This is the first layoff for the company since February 1975.

The Spaghetti Company, a Tucson restaurant in operation for eight years, closed its doors in early November. About 35 employees were laid off, but the owner of the chain of restaurants, Mike Pulos, plans to open another restaurant in a different area of town at a future date.

Manufacturing - Intel Corp., which employs about 2,300 people in the Phoenix area, announced a company - wide program of wage reductions and freezes in mid-November. The move was made because of a weakening demand for semiconductors.

Gates Learjet Corp. is moving production of the rear-fuselage section of its Learjet 55 from Wichita to its Tucson plant. This move will create 85 positions in Tucson which will be filled by employees who would have been laid off if the production had not been moved there.

Censor Inc., of Scottsdale, has signed an estimated $14 million contract with American Microsystems Inc. of Santa Clara, Calif., to provide 16 systems for producing semiconductor wafers in AMI's wafer-fabrication plants in the United States and Europe.

Memorex Corp. plans to expand its high-technology development and manufacturing in Tucson by doubling plant space in 1983 and by doubling employment by the end of 1984. Memorex currently employs about 95 people in Tucson in an operation associated with company plants in Sonora, Mexico; California and Canada.

Services - The Del E. Webb Hotel Group has relocated its executive offices from Las Vegas, Nevada, to Phoenix. The move involved the transfer of seven members of the Las Vegas staff and the hiring of eight additional employees in Phoenix.

Research Corp., a New York - based private foundation, has signed an agreement to buy a 16,400-square-foot office building at 6840 E. Broadway in Tucson and will move its headquarters there in the near future. The foundation plans to bring about 12 executives and 18 staffers to Tucson.

A $1.4 million addition that will double the size of its meeting facilities is underway at the Radisson Scottsdale Resort & Racquet Club, 7601 E. Indian Bend, in Scottsdale. The project includes the addition of 7,000 square feet on the western side of the 220-room hotel and refurbishing of existing meeting rooms.

Tourism - About 14.7 million out-of-state visitors spent $3 billion in Arizona in 1979-80 according to the Bureau of Business & Economic Research at Arizona State University. About 12.9 million of the visitors traveled by highway and almost 40 percent came on holidays. The most popular federal tourist site was the Lake Mead National Recreation Area. The state tourist site with the most visitors was Lake Havasu.